
Commerce & Labor Committee

SSB 5955

Brief Description: Creating the personal reemployment account program.

Sponsors: Senate Committee on Economic Development (originally sponsored by Senator Benton).

Brief Summary of Substitute Bill

- Establishes the personal reemployment account program within the Department of Community, Trade and Economic Development (Department).
- Requires the Department to develop and submit a state plan for the program.
- Specifies that the amount of each account is \$3,000.
- Establishes eligibility criteria and allowable uses for the accounts.
- Authorizes reemployment bonuses equal to account balances for eligible persons who become reemployed within 13 weeks.

Hearing Date: 3/27/03

Staff: Jill Reinmuth (786-7134).

Background:

Congress is currently considering legislation (H.R. 444) to amend the Workforce Investment Act of 1998 to establish a personal reemployment accounts grant program. The bill is referred to as the "Back to Work Incentive Act of 2003."

The purpose of the federal legislation is to provide for the establishment of personal reemployment accounts for certain individuals identified as likely to exhaust unemployment compensation in order to accelerate reemployment, promote retention, and provide such persons with more flexibility, choice, and control in obtaining certain services.

The federal legislation authorizes a \$3.6 billion appropriation to establish the program. The Secretary of Labor must grant to each state a portion of the appropriation that is based primarily on the number of unemployed persons in the state as compared to the nation. At

least 93 percent of the state grant must be provided to local areas to establish personal reemployment accounts for eligible persons. The state grant is available only for a three-year period. An eligible person may receive only one account of up to \$3,000.

The federal legislation specifies minimum eligibility criteria for persons to receive accounts. It describes allowable activities such as intensive services, training services, and supportive services, and places certain limitations on the uses of the accounts. The federal legislation requires that recipients who obtain full-time employment within 13 weeks receive cash bonuses equal to their account balances. Finally, it specifies standards for program administration by the one-stop delivery system.

The federal legislation requires that, to receive the grant, the governor of each state must submit to the Secretary of Labor a plan describing how the state intends to implement the program. The plan must specify eligibility criteria, safeguards for ensuring that accounts are used for authorized activities, and methods for coordinating personal reemployment account-related activities with other employment and training activities carried out through the one-stop delivery system.

The federal legislation permits the Secretary of Labor to require states to collect data and report on personal reemployment account programs. The Secretary is also required to evaluate and report to Congress on the program.

Summary of Bill:

A personal reemployment account program is established in the Department of Community, Trade and Economic Development (Department). Legislative findings about the value of the Department's individual development account program are made. Legislative intent to promote economic development by creating a personal reemployment account program, and to operate the program with federal and private funds are expressed.

Eligible Individuals

After the state receives federal funds, the following persons are eligible to receive one personal reemployment account of \$3,000:

- Persons who are receiving and are identified as likely to exhaust at least 20 weeks of regular unemployment compensation, and who are in need of job search assistance;
- Persons who have exhausted all unemployment compensation, are enrolled in training, and need additional support to complete training; and
- Persons who have exhausted all unemployment compensation, and are separated from employment in an industry or occupation that has experienced declining employment, or that no longer provides any employment, in the local labor market during the two years preceding their application for eligibility.

Program Requirements

Before establishing a personal reemployment account, the Department and the one-stop delivery system under the federal Workforce Investment Act must ensure that the person:

- Is informed of federal and state requirements applicable to the account;
- Has the option to develop a personal reemployment plan; and
- Attests that he or she will comply with applicable federal and state requirements, and will reimburse the account or the program for any expenses that are not allowable.

The Department must periodically interview recipients to help them meet their employment goals if, after they exhaust unemployment compensation, they have remaining balances in their accounts.

Allowable Uses

Subject to federal law, recipients may use amounts in personal reemployment accounts to purchase intensive services, training services, and supportive services, and to purchase or lease an automobile in particular circumstances. Certain recipients also may withdraw amounts for purposes of income support.

Intensive services include skills assessments, individual employment plan development, and career planning and counseling. These services also include communications, learning, interviewing, and personal conduct skills.

Training services include skills training and retraining, on-the-job training, workplace training combined with related instruction, entrepreneurial training, and job readiness and literacy training.

Supportive services include transportation, child care, dependent care, and housing that are necessary to enable an individual to become reemployed. Supportive services do not include needs-related payments.

The purchase or lease of an automobile is allowable if it is necessary for the recipient to accept a bona fide offer of employment for which there is a reasonable expectation of long-term duration.

Amounts may be withdrawn weekly for income support if the recipient has exhausted all unemployment compensation, and is engaged in job search, intensive services, or training expected to lead to employment. The amount that may be withdrawn is limited to the average weekly amount of unemployment compensation that the recipient received before exhausting unemployment compensation.

Reemployment Bonuses

Recipients may receive reemployment bonuses equal to the balances in their personal reemployment accounts if they obtain full-time employment within 13 weeks of either beginning unemployment compensation or establishing their accounts.

State Plan

The Department must develop and submit a state plan for operating the personal reemployment account program. The plan must be consistent with federal requirements. It also must be developed in cooperation with the Workforce Training and Education Coordinating Board and the Employment Security Department. The Department may seek private resources to help operate the personal reemployment account program and other community-based programs.

Other

Personal reemployment accounts and disbursements from these accounts are not income or resources for purposes of cash assistance programs administered by the Department of Social and Health Services.

The personal reemployment account program expires July 1, 2009.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.